

Message Text

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47

ACTION ARA-10

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NSAE-00 SIL-01 AGR-05 TRSE-00 DODE-00 PM-04 H-02 L-03

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XMB-02 OPIC-03 /085 W

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R 152247Z JAN 76

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 2177

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

USCINCSO

C O N F I D E N T I A L TEGUCIGALPA 0244

E.O. 11652: GDS

TAGS: ELAB, EIND, HO

SUBJECT: CONTINUING TOBACCO WORKER'S STRIKE AND POTENTIAL EFFECTS
ON U.S. COMPANIES

REF: TEGUCIGALPA 0132 (DTG 092155Z JAN 76)

BEGIN SUMMARY: INDUSTRIAL TOBACCO WORKER'S UNION
(SITRAITAD) CONTUNUES STRIKE AGAINST FOUR (AS OPPOSED
TO FIVE AS PREVIOUSLY REPORTED) TOBACCO COMPANIES AT DANLI,
EL PARAISO. ALL FOUR COMPANIES REPORTEDLY HAVE AT LEAST

LIMITED U.S. INVESTMENT. COMPANIES THREATENING TO MOVE
OPERATION TO NICARAGUA AND POSSIBLY COSTA RICA, FORMER AT
INVITATION PRESIDENT SOMOZA. TENTATIVE COMPROMISE REPORTED
REFTEL REJECTED BY SITRAITAD. DISSIDENT WORKERS, PRINCIPALLY
FROM COMPANY UNION AT PARAISO, THREATENING TO REENTER FACTORIES
BY FORCE. THERE IS POSSIBILITY OF OTHER UNIONS STRIKING IN
SYMPATHY ON NATIONAL SCALE. MINLAB ATTEMPTING TO WORK OUT
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NEW COMPROMISE CALLING FOR FIRING SOME UNION LEADERS, WHICH

WILL NOT BE ACCEPTABLE TO UNION OR CONFEDERATION AND FEDERATIONS. TOBACCO CROP WILL LIKELY BE TOTAL LOSS BY EARLY NEXT WEEK AT LATEST. END SUMMARY.

1. STRIKE BY SITRAITAD CONTINUES AGAINST FOUR TOBACCO COMPANIES AT DANLI, EL PARAISO AND APPEARS NO CLOSER TO SETTLEMENT THAN ON JANUARY 8; HOWEVER, POTENTIAL FOR VIOLENCE AND SYMPATHY STRIKES BY OTHER UNIONS SIGNIFICANTLY INCREASED. AGREEMENT TO SUSPEND STRIKE UNTIL JANUARY 12, WHICH MINLAB THOUGHT HE HAD WORKED OUT ON JANUARY 8, WAS REJECTED BY SITRAITAD. IT APPEARS THAT COMMITMENT BY CELEO GONZALEZ OF NORTH COAST LABOR FEDERATION (FESITRANH) AND VICTOR ARTILES OF CONFEDERATION OF HONDURAN WORKERS (CTH) TO PROPOSED COMPROMISE WAS LESS THAN LABMIN PRESUMED. GONZALEZ IN CONVERSATION WITH LABOFF COMMENTED ON GREAT DIFFICULTIES INVOLVED IN STARTING AND STOPPING STRIKE, AS WELL AS BASIC DISTRUST OF JULIO EIROA, OWNER OF PARAISO TOBACCO COMPANY.

2. PART OF RELUCTANCE TO SUSPEND STRIKE IS DUE TO PECULIARITIES OF TOBACCO CROP. REPORTEDLY THERE IS ONLY TEN DAY PERIOD IN WHICH TO HARVEST CROP AND TRANSPLANT SEEDLINGS BEFORE BOTH DAMAGED BEYOND SALVAGE. THUS, THIS IS PERIOD IN WHICH UNION CAN EXERT MAXIMUM PRESSURES ON COMPANIES. TOBACCO EXPERTS INDICATE THAT CROP AND SEEDLINGS WILL BE TOTALLY LOST BY EARLY NEXT WEEK, AT LATEST. DAMAGE TO BOTH IS ALREADY SIGNIFICANT.

TEGUCIGALPA-BASED LABOR FEDERATION (FECESITLIH) HAS NOW PLEDGED SUPPORT FOR SITRAITAD AND REQUESTED MEMBERS TO PROVIDE FINANCIAL SUPPORT TO STRIKING WORKERS. GONZALEZ MET WITH BOARD OF FESITRANH IN SAN PEDRO SULA NIGHT OF JANUARY 13 TO REPORT ON STRIKE AND EXPLORE POSSIBILITY OF OTHER MEMBER UNIONS SUPPORTING SITRAITAD BY STRIKE ACTION. GONZALEZ RETURNED TO TEGUCIGALPA ON MORNING OF JANUARY 14 AND INDICATED IN CONVERSATION WITH LABOFF THAT NORTH COAST UNIONS WILL ISSUE STATEMENT OF SUPPORT TO BE FOLLOWED BY POSSIBLE PROGRESSIVE STRIKE ACTION. ARTILES HAS CALLED FOR GOH TO TAKE OVER COMPANY LAND IF THEY DECIDE TO MOVE OPERATIONS TO NICARAGUA. GONZALEZ HAS CALLED AFL-CIO IN WASHINGTON ASKING FOR ITS SUPPORT IN STRIKE.

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4. AT MEETING CALLED BY LABMIN JANUARY 10, COMPANY OWNERS REPORTEDLY REFUSED TO ATTEND. LABMIN AND LABOR LEADERS HAD BEEN WAITING IN HIS OFFICE FOR OVER AN HOUR WHEN MINISTER SAW COMPANY OWNERS STANDING IN PARK IN FRONT OF MINISTRY. HE WENT DOWN TO ASK THEM TO ATTEND, AT WHICH POINT THEY VOTED NOT TO ATTEND AND DROVE OFF. THEY HAVE SUBSEQUENTLY MET WITH LABMIN, BUT NOT WITH UNIONS.

5. JULIO EIROA IS APPARENTLY LEADER AMONG COMPANY OWNERS AND MAINTAINS THAT SINCE STRIKE IS ILLEGAL, HE WILL NOT NEGOTIATE. HE APPARENTLY THINKS THAT IF HE SETTLES NOW, SITRAITAD WILL ONLY CALL ANOTHER ILLEGAL STRIKE IN NEAR FUTURE FOR ADDITIONAL GAINS. FELLOW CUBAN EXILE ALSO INVOLVED IN TABACCO BUSINESS BUT NOT IN STRIKE--DESCRIBE JULIO EIROA AS "HALF CRAZY," AND THINKS HE MAY WELL HOLD OUT EVEN AT LOSS OF CROP. HE ALSO SAID REFUSAL TO NEGOTIATE IS LARGELY PRESSURE TACTIC ON GOH TO HAVE STRIKE DECLARED ILLEGAL SO THAT HE DOES NOT HAVE TO PAY BACK WAGES. HIS FELLOW CUBAN EXILE VIEWED THREAT TO MOVE TO NICARAGUA AS UNLIKELY, GIVEN HIGH FIXED INVESTMENT IN HONDURAS WHICH COULD NOT BE RECOVERED.

6 IN CONVERSATION WITH LABMIN THIS MORNING, HE INDICATED HE IS WORKING OUT NEW COMPROMISE WITH COMPANIES WHICH WILL CALL FOR DISMISSAL OF UNION LEADERS AS CONDITIONS FOR NEGOTIATIONS. SUCH ACTION IS TOTALLY UNACCEPTABLE TO GONZALEZ. THUS, POSSIBILITY OF COMPROMISE STILL APPEARS REMOTE.

7. COMPANY UNION FORMED BY JULIO EIROA HAS ISSUED STATEMENT TO PRESS CALLING STRIKE ILLEGAL, CLAIMING STRIKERS REPRESENT SMALL MINORITY OF WORKERS AND THREATENING TO REENTER PLANTS AND FIELDS BY FORCE IF NECESSARY, SHOULD OWNERS CALL ON THEM TO RETURN TO WORK. GONZALEZ VIEWS THIS MORE AS THREAT THAN REALITY, BUT POSSIBILITY FOR VIOLENCE CLEARLY ESCALATING AS STRIKE DRAGS ON. DANLI GENERAL SERVICE WORKERS UNION PRESIDENT HAS DENOUNCED STRIKERS, BUT AT SAME TIME HIS MEMBERSHIP IS SUPPORTING STRIKE. MEMBERSHIP TO ISSUE STATEMENT TOMORROW REPUDIATING ITS PRESIDENT.

8. GENEROSO EIROA OF PANAMERICAN TOBACCOS CONTINUES TO MAINTAIN NEAR DAILY CONTACT WITH COMATT TO KEEP HIM INFORMED ON PROGRESS OR LACK THEREOF. NONE OF OTHER COMPANIES HAVE
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APPROACHED EMBASSY, DESPITE REPORTS THAT ALL OF THEM HAVE AT LEAST LIMITED U.S. INVESTMENT.

9. COMMENT: IT NOW APPEARS CLEAR THAT COMPANIES WILL SUFFER SIGNIFICANT FINANCIAL LOSS IRRESPECTIVE OF OUTCOME OF STRIKE OR HOW SOON IT IS SETTLED BECAUSE OF DAMAGE ALREADY DONE TO CROP. IN SPITE OF OPTIMISM BY LABMIN THAT STRIKE WILL BE SETTLED SHORTLY, PROSPECTS ARE THAT ENTIRE CROP WILL BE LOST BEFORE SETTLEMENT. POSSIBILITY OF VIOLENCE AT DANLI CONTINUES TO INCREASE AS STRIKE PROLONGED AND STUDENTS AND OTHERS BEGIN TO AGITATE IN AREA. LABMIN OBVIOUSLY UNDER GOH PRESSURE TO SETTLE STRIKE AND HIS POSITION SEEMS TO BE SHIFTING CLOSER TO COMPANIES. THIS COULD LEAD TO SERIOUS CONFRONTATION WITH CTH, FESITRANH AND FECESITLIH DEMOCRATIC ELEMENTS WHICH ALREADY DISTRUST HIM. HOW LONG SITRAITAD CAN MAINTAIN STRIKE

IS OPEN TO QUESTION.

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